



State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

April 8, 2004

Pamela Kaye
Atlantic Richfield Company
317 Anaconda Road
Butte, Montana 59701

Subject: Approval of Transfer of Notice of Intention from Anderson Engineering Company, Inc. to Atlantic Richfield Company, and Acceptance of Amended Small Mining Operations, Lime Peak Quarry, S/049/044, Utah County, Utah

Dear Ms. Kaye:

Transfer

On March 29, 2003, we received the completed Transfer of Notice of Intention of Small Mining Operations to transfer the Lime Peak Quarry small mining project located in SE1/4 of SE1/4 of SW1/4 of Section 4, T10S, R2W, Utah County, Utah, from Anderson Engineering Company, Inc. to Atlantic Richfield Company.

Anderson Engineering originally permitted and received acceptance to remove rock from up to one acre of disturbance at both the Lime Peak Quarry site and Fitchville Quarry site. Because of their close proximity, these two quarries were permitted under one permit. We received notification from Anderson Engineering that they did not create disturbance at the Fitchville Quarry site, and would only use the Lime Peak Quarry site to remove any rock. Thus the transfer to Atlantic Richfield Company is only for the Lime Peak Quarry portion of this permit.

On March 30, and April 6, 2004 respectively, we received from Atlantic Richfield Company, a \$17,000 reclamation surety issued by Safeco Insurance Company of America and a Reclamation Contract for the Lime Peak Quarry site to create up to five acres of surface disturbance (discussed below under Amended Notice).

On April 7, 2004, the Division Director signed and executed the transfer document, *which effectively transfers the responsibility of the Lime Peak Quarry*

Pamela Kaye
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mining operation and reclamation to Atlantic Richfield Company. Copies of the executed transfer form, reclamation contract and surety bond documents are enclosed for your files. Atlantic Richfield Company is now the official party responsible for all mining and reclamation obligations for the Lime Peak Quarry small mining project.

By copy of this letter **the Division hereby officially releases Anderson Engineering Company, Inc. from any further reclamation responsibilities at the Lime Peak Quarry site.**

Amended Notice

Along with the transfer form received March 29, 2004, we also received Atlantic Richfield Company's new Notice of Intention to Commence Small Mining Operations for the Lime Peak Quarry to disturb up to five acres of surface; thereby expanding from the originally permitted one acre limitation. Because this site was originally permitted under Anderson Engineering Company and because this permit has been transferred to Atlantic Richfield Company, this new notice is considered an "amendment" to the original notice.

The Division has finalized review of Atlantic Richfield Company's notice and **determined the location is in the E1/2 of the SW1/4 of the SW1/4 of Section 4, T10S, R2W, Utah County**, rather than just the SE1/4 of the SE1/4 of the SW1/4 of Section 4 as stated in your notice. The correct legal description along with a map is included on page 7 of the Reclamation Contract, which was verified by Virgil Anderson.

The notice is considered complete and no additional information is required at this time. You may now commence with your small mining plan as outlined, provided you have received all other applicable notices that may be required by other agencies, i.e., Department of Environmental Quality for Water Quality permits.

Please be advised that because you transferred the original permit from Anderson Engineering Company that you are bound by the same "Operation and Reclamation Practices." Please give special consideration to item #10 of the "Operation and Reclamation Practices" (summary attached). Stockpiling topsoil material prior to beginning your mining operation will help ensure successful revegetation efforts upon final reclamation of the minesite. If the area being

Pamela Kaye
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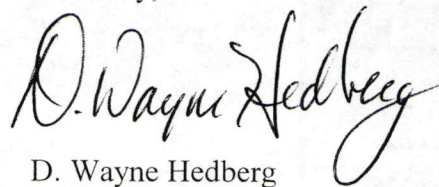
mined is a solid rock outcrop, or if the land surface is very rocky, then soil stockpiling is probably not possible. However, even the first few inches of undeveloped material is worth saving to aid in later revegetation efforts, and future regulatory release from reclamation requirements.

Should you wish to expand your operation beyond the five acre limitation of this permit, please notify this office as soon as possible to discuss the necessary permitting requirements. Typically permitting a large mining site can take up to six to twelve months or longer. As discussed in the Notice of Intention, page 3, #II – Project location (Rule R647-3-105), the proposed five acre disturbed area boundary must be marked in the field on the ground with metal T-posts (or some other marker of equal effectiveness). Markers must be appropriately spaced so that the next marker can be seen in either direction with the naked eye. Please assure that you do not disturb beyond the permitted five acre area.

Thank you for your help in finalizing these transactions. We want to especially thank Virgil Anderson of Anderson Engineering for all his help in finalizing these permitting actions.

If you have any questions or concerns regarding this letter, please contact me at (801) 538-5286 or Lynn Kunzler at 538-5310. Best of luck with your new mining ventures.

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

DWH:jb

Attachment: Operation & Reclamation Practices summary

Enclosure: Executed Transfer form, Reclamation Contact & Surety bond

cc: Virgil Anderson, Anderson Engineering w/transfer form

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FORM MR-RC
Revised September 2, 2003
RECLAMATION CONTRACT

File Number S/049/044
Effective Date April 7, 2004
Other Agency File Number _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECEIVED

APR - 6 2004

DIV OF OIL GAS & MINING

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) (Mineral Mined)	<u>S-049/044</u> <u>Quartzite for riprap</u>
"MINE LOCATION": (Name of Mine) (Description)	<u>Lime Peak Quarry</u> <u>Located approximately 2.4 miles northeast</u> <u>of Eureka - 0.2 miles south of Lime Peak</u>
"DISTURBED AREA": (Disturbed Acres) (Legal Description)	<u>5 Acres</u> <u>(refer to Attachment "A")</u>
"OPERATOR": (Company or Name) (Address)	<u>Atlantic Richfield Company</u> <u>317 Anaconda Road</u> <u>Butte, MT 59701</u>
(Phone)	<u>(406) 782-9964</u>

"OPERATOR'S REGISTERED AGENT":

(Name)
(Address)

C.T. Corporation System

1209 Orange Street

Wilmington, DE 19801

(406) 782-9964

(Phone)

"OPERATOR'S OFFICER(S)":

S. A. Elbert, President

D. E. Todd, Vice President, CFO

P. J. Clayton, Secretary

SURETY":

(Form of Surety - Attachment B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Safeco of Ins Co of America

Bond # [REDACTED]

"SURETY AMOUNT":

(Escalated Dollars)

\$17,000.00

"ESCALATION YEAR":

2005

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Atlantic Richfield Company the "Operator" and the Utah State Division of Oil, Gas and Mining (ADivision@).

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. S/049/044 which has been approved/accepted by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved/accepted Reclamation Plan or Notice, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the approved/accepted Notice of Intention and Reclamation Plan or Notice received 3-22-04. The Notice of Intention and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Atlantic Richfield Company
Operator Name

By Pamela Kaye
Authorized Officer (Typed or Printed)

Environmental Business Manager
Authorized Officer - Position

Pamela Kaye
Officer=s Signature

4/5/04
Date

STATE OF Montana
COUNTY OF Butte-Silver Bow) ss:

On the 5th day of April, 2004, Pamela Kaye
personally appeared before me, who being by me duly sworn did say that he/she is the
Environmental Bus Mgr. of Atlantic Richfield Company and
duly acknowledged that said instrument was signed on behalf of said company by
authority of its bylaws or a resolution of its board of directors and said
Pamela Kaye duly acknowledged to me that said
company executed the same.

Debbie Lerdal
Notary Public
Residing at 119 Upton, Butte, MT
June 28, 2005
My Commission Expires:

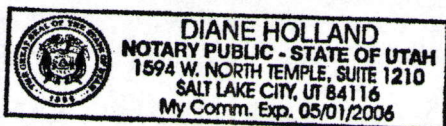
DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton
Lowell P. Braxton, Director

Date 4/7/04

STATE OF UTAH)
) ss:
COUNTY OF SALT LAKE)

On the 7th day of April, 2004, Lowell P. Braxton
personally appeared before me, who being duly sworn did say that he, the said
Lowell P. Braxton is the Director of the Division of Oil, Gas and Mining,
Department of Natural Resources, State of Utah, and he duly acknowledged to me that
he executed the foregoing document by authority of law on behalf of the State of Utah.



Diane Holland
Notary Public
Residing at: Salt Lake City, Utah

5/1/2006
My Commission Expires:

ATTACHMENT "A"

Atlantic Richfield Company
Operator

Lime Peak Quarry
Mine Name

S/049/044
Permit Number

Utah County, Utah

LEGAL DESCRIPTION

Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

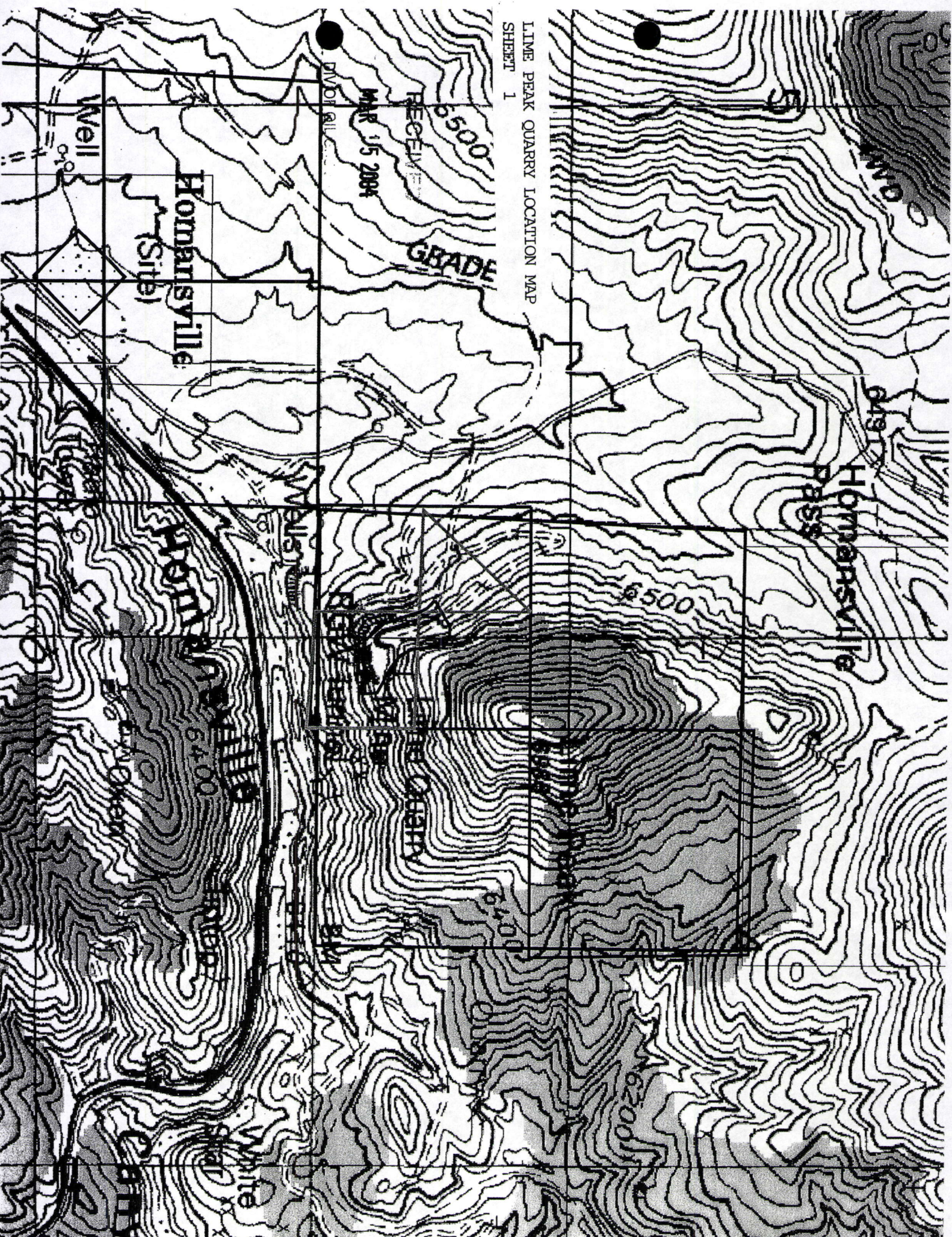
The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 5 acres under the approved / accepted permit and surety, as reflected on the attached map labeled Lime Peak Rock Quarry; Location Map Sheet 1 and dated March 15, 2004:

E1/2 of SW1/4 of SW1/4

Section 4, Township 10 South, Range 2 West

Name of Quad Map for Location: USGS 7.5 Min Series; Topographic – Eureka Quadrangle

LIME PEAK QUARRY LOCATION MAP
SHEET 1



ATTACHMENT B

FORM MR-5
September 2, 2003

Bond Number
Permit Number S-049/044
Mine Name Lime Peak / Fitchville

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

RECEIVED

MAR 30 2004

DIV. OF OIL, GAS & MINING

THE MINED LAND RECLAMATION ACT

SURETY BOND

The undersigned Atlantic Richfield Company, as Principal, and
Safeco Insurance Company of America, as Surety, hereby jointly and
severally bind ourselves, our heirs, administrators, executors, successors, and assigns, jointly and
severally, unto the State of Utah, Division of Oil, Gas and Mining (Division) in the penal sum of
Seventeen Thousand and 00/100 dollars (\$ 17,000.00).

Principal has estimated in the ^{Amended} Mining and Reclamation Plan or Notice approved /accepted
by the Division on the 8th day of April, 20 04, that 5 acres of
land will be disturbed by mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the
Reclamation Contract, of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has
satisfactorily reclaimed the disturbed lands in accordance with the approved / accepted Mining
and Reclamation Plan or Notice and has faithfully performed all requirements of the Mined Land
Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith,
then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan or Notice provides for periodic partial reclamation of
the disturbed lands, and if the lands are reclaimed in accordance with such Plan or Notice, Act
and regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

In the converse, if the Mining and Reclamation Plan or Notice provides for a gradual
increase in the area disturbed or the extent of disturbance, then, the Division may require that the
amount of this Surety Bond be increased, with the written approval of the Surety.

Bond Number
Permit Number S-049/044
Mine Name Lime Peak / Fitchville
Other Agency File Number N/A

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

Atlantic Richfield Company

Principal (Permittee)

Brian Passolt, Attorney-in-Fact

By (Name and Title typed):

Brian Passolt

Signature

3/25/2004

Date

Surety Company

Safeco Insurance Company of America

Surety Company Name

Jeffrey M. Leadley

Surety Company Officer

Attorney-in-Fact

Title/Position

[Signature]
Signature

10 S. Riverside Plaza

Street Address

Chicago, IL 60606

City, State, Zip

312-252-3900

Phone Number

3/25/2004

Date

Page 3

MR-5 (revised September 1, 2003)
Attachment B

Bond Number

Permit Number S-049/044

Mine Name Lime Peak / Fitchville

Other Agency File Number N/A

SO AGREED this 27th day of April, 20 07.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

Lowell P. Braxton

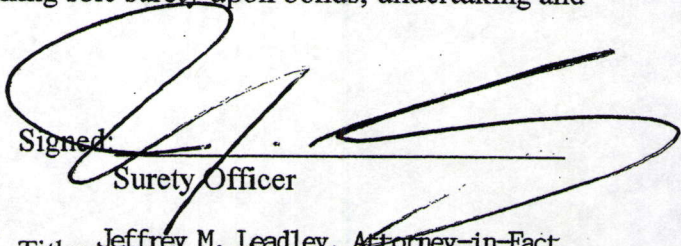
Lowell P. Braxton, Director
Utah State Division of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

Bond Number
Permit Number S-049/044
Mine Name Lime Peak / Fitchville
Other Agency File Number N/A

AFFIDAVIT OF QUALIFICATION

On the 25th day of March, 20 04, Jeffrey M. Leadley
personally appeared before me, who being by me duly sworn did say that he/she, the said
Jeffrey M. Leadley is the Attorney-in-Fact of
Safeco Insurance Company of America and duly acknowledged that said instrument was
signed on behalf of said company by authority of its bylaws or a resolution of its board of
directors and said Jeffrey M. Leadley duly acknowledged to me that said
company executed the same, and that he/she is duly authorized to execute and deliver the
foregoing obligations; that said Surety is authorized to execute the same and has complied in all
respects with the laws of Utah in reference to becoming sole surety upon bonds, undertaking and
obligations.


Signed: 

Surety Officer

Title: Jeffrey M. Leadley, Attorney-in-Fact

STATE OF Illinois)
) ss:
COUNTY OF Cook)

Subscribed and sworn to before me this 25th day of March, 20 04.


Notary Public Karen E. Bogard
Residing at: Chicago, IL

My Commission Expires:

May 18, 20 04





SAFECO

**POWER
OF ATTORNEY**

SAFECO INSURANCE COMPANY OF AMERICA
GENERAL INSURANCE COMPANY OF AMERICA
HOME OFFICE: SAFECO PLAZA
SEATTLE, WASHINGTON 98185

No. 13024

KNOW ALL BY THESE PRESENTS:

That **SAFECO INSURANCE COMPANY OF AMERICA** and **GENERAL INSURANCE COMPANY OF AMERICA**, each a Washington corporation, does each hereby appoint

*****WILLIAM REIDINGER; STEVEN B. CADE; DONNA WRIGHT; DIANE M. O'LEARY; JEFFREY M. LEADLEY; BRIAN PASSOLT; Chicago, Illinois*****

its true and lawful attorney(s)-in-fact, with full authority to execute on its behalf fidelity and surety bonds or undertakings and other documents of a similar character issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, **SAFECO INSURANCE COMPANY OF AMERICA** and **GENERAL INSURANCE COMPANY OF AMERICA** have each executed and attested these presents

this 31st day of July, 2003

Christine Mead

CHRISTINE MEAD, SECRETARY

Mike McGavick

MIKE MCGAVICK, PRESIDENT

CERTIFICATE

Extract from the By-Laws of **SAFECO INSURANCE COMPANY OF AMERICA**
and of **GENERAL INSURANCE COMPANY OF AMERICA**:

"Article V, Section 13. - FIDELITY AND SURETY BONDS ... the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business... On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the company, the seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

Extract from a Resolution of the Board of Directors of **SAFECO INSURANCE COMPANY OF AMERICA**
and of **GENERAL INSURANCE COMPANY OF AMERICA** adopted July 28, 1970.

"On any certificate executed by the Secretary or an assistant secretary of the Company setting out,

- (i) The provisions of Article V, Section 13 of the By-Laws, and
- (ii) A copy of the power-of-attorney appointment, executed pursuant thereto, and
- (iii) Certifying that said power-of-attorney appointment is in full force and effect,

the signature of the certifying officer may be by facsimile, and the seal of the Company may be a facsimile thereof."

I, Christine Mead, Secretary of **SAFECO INSURANCE COMPANY OF AMERICA** and of **GENERAL INSURANCE COMPANY OF AMERICA**, do hereby certify that the foregoing extracts of the By-Laws and of a Resolution of the Board of Directors of these corporations, and of a Power of Attorney issued pursuant thereto, are true and correct, and that both the By-Laws, the Resolution and the Power of Attorney are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

this 25th day of March, 2004



Christine Mead

CHRISTINE MEAD, SECRETARY